

**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: April 21, 2009

AGENDA TITLE: Update on Budget Stabilization Strategies for 2010 and Beyond

PRESENTER/S:

Jane S. Brautigam, City Manager
Stephanie A. Grainger, Deputy City Manager
Paul J. Fetherston, Deputy City Manager
Bob Eichem, Finance Director

EXECUTIVE SUMMARY:

At the April 7 council meeting, staff provided an update on the 2009 sales/ use tax collections and short term, one time solutions to address the 2009 projected shortfalls. Based on revenue collection data to date, it is anticipated that 2009 total sales and use tax revenue collections will be at least 4% - 6% less than projected for 2009. As the national, state and local economy continues to be challenged, adjustments to the way the city conducts business will be required in 2010 and beyond.

In addition to these economic challenges, the city of Boulder is faced with a structural financial issue. As identified in the January 2008 report of the Blue Ribbon Commission (BRC), the cost of providing current services will continue to increase at a rate higher than revenues collected. Assuming no adjustments are made to address this structural issue, a \$90 million dollar funding gap through 2030 was projected. Based on the de-Brucing of city property taxes (as approved by voters in 2008), the 'gap' is now projected to be \$75 million.

In order to (a) assist the City Manager in the preparation of the Fiscal 2010 budget; and (b) inform the City Council in the 2010 budget deliberation and adoption process, staff has developed stabilization strategies for revenues and expenditures. In addition, due to the potential impact of these strategies on users of city services, a public process has been developed for purposes of informing residents on the city's short and long term budget situation and determining community priorities for services provided by the city. Described further in Tables I and II, these strategic approaches are intended to allow the city and community to evaluate what services and programs can and should be provided and how limited resources can be focused in a sustainable manner.

No formal council action is required regarding the budget stabilization strategies for 2010 and beyond, or the proposed public process. Staff will address City Council questions and seek Council's feedback.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS:

- Economic: The implementation of budget stabilization strategies is anticipated to have economic impacts on the community, businesses and residents. Appropriate stabilization strategies are needed to ensure a diverse and sustainable economy that supports the needs of the community. The city's business plan will continue to be utilized as a means to implement long range strategies while sustaining essential city services.
- Environmental: The budget stabilization strategies offer opportunities to enhance intergovernmental relationships, share services and leverage resources in order to achieve common environmental goals.
- Social: The implementation of budget stabilization strategies in the long term is anticipated to impact the various sectors of the community utilizing services and programs. Due to this impact, a public process that includes stakeholders, residents and staff will be employed to discuss program and service priorities. Specific impacts will be further detailed when specific reductions are identified and considered during the 2010 budget process.

OTHER IMPACTS:

- Fiscal: The implementation of budget stabilization strategies may involve reduction and reallocation of funding in some program and service areas. As identified in the April 7 city council memo, 2009 reductions are projected to range between \$3.6 and \$5.4 million, and are already under-way. In addition, the ongoing structural deficit identified in the BRC report will continue to increment in current dollars by approximately one million dollars each year.
- Staff time: The development and implementation of budget stabilization strategies is anticipated to impact the work plan, including the City Council work plan, and may require adjustment of projects and project timelines. Staff anticipates providing the City Council with an update of these impacts during the second quarter of 2009.

BOARD AND COMMISSION FEEDBACK: During an April 14, 2009 meeting of the Council's Budget Committee, the stabilization strategies and proposed public process were reviewed. Feedback from the committee has been incorporated into the respective strategies.

During the proposed public process, the city boards and commissions will have the opportunity to provide feedback on the proposed strategies. This information will be summarized for council consideration during the 2010 budget process.

PUBLIC FEEDBACK: During the proposed public process, members of the public will have the opportunity to determine community priorities for services provided by the city, identify preferences for trade offs of potential service reductions, and provide input regarding options to generate additional revenue for services. The input received through this process will be summarized and presented to the City Council in July. In addition, there will be two public hearings on the city manager's recommended budget as a part of the budget adoption process in October and November.

BACKGROUND AND ANALYSIS:

The problem:

The current economic downturn, which is adversely impacting the city of Boulder's sales and use tax collections, is expected to continue into 2010. In addition, the ongoing 'gap' discussed in January 2008 report of the Blue Ribbon Commission report will exacerbate the financial issues facing the city. As a result, strategic approaches must be identified and implemented to achieve reductions necessary to meet these economic and structural challenges.

The sales and use tax reductions will impact all funds, including the restricted funds that receive sales and use tax. The deficit gap impacts many components of the city organization including the general fund and those funds that are heavily subsidized by the general fund (such as Housing and Human Services, Library/ Arts, Parks & Recreation - Recreation Activity Fund, and Planning & Developmental Services).

Expenditure and revenue solutions:

In order to address the problem, staff has developed strategic approaches identified in Table I (Expenditures) and Table II (Revenues) below. A full size illustration of Table I is included as Attachment A and Table II as Attachment B. As identified in the respective tables, the greater severity and duration of the crisis the greater the impact on services, programs and employees. When a downturn is short in duration and low in severity, strategies of a one-time nature may be implemented. When a downturn is longer in duration and more severe, actions must be taken to address a 'structural deficit' which is one that continues and can worsen over time even after an economic recovery has occurred. As stated by David Osborne and Peter Hutchinson in The Price of Government, a structural deficit is "the problem that demands permanent changes in revenue or spending, or both, if the budget is to be brought back into balance."

Components of strategic stabilization strategies

Components of expenditure and revenue stabilization strategies identified in Tables I and II can be grouped into the following categories:

- *Efficiency, effectiveness and reallocation measures*
Efficiencies and reallocations may be identified among programs and services within a single department or across multiple or all departments in the city to maximize effectiveness. The city's business plan helps identify reallocations from desirable and discretionary services to essential services and assists tradeoff decisions between services and programs. Such tradeoffs are often difficult and can be expected to involve constituencies requesting no reduction or elimination.

Before asking the public for support of sales tax renewals or new taxes, the city wants to assure the public that existing funds are being used effectively and efficiently. Various city departments perform internal assessments/audits and measure performance and the city formally audits and assesses departments periodically and often when master plans are being updated. Staff has committed to approximately three new, external assessments per year to better evaluate performance. This year, several department reviews are underway or have been completed including:

- Utilities Division – a peer review by the American Water Works Association and the Water Environment Federation. Status: Completed.

- Information Technology – a consultant-assisted efficiency, effectiveness and best practices study. Status: Underway.
- Economic Vitality – two external assessments to evaluate the effectiveness and outcomes of the program. Status: Completed.
- Public Works, Parks and Recreation, and Open Space and Mountain Parks - an internal process to analyze, evaluate and provide recommendations on improving efficiency, effectiveness, consistency and resource sharing between Public Works, Parks & Recreation, and Open Space Mountain Parks (PWPROS) in five major areas: Service delivery (i.e. weed management, snow removal, mowing, wildlife management, etc.); Land Management; Facilities; Equipment and Fleet; and Technology. Status: Underway.

- *Assessing the Business of Local Government*

The city has been working on its strategic approach to fiscal sustainability since the economic downturn the city experienced between 2001 and 2004. In late 2004, as the city began recovering from the significant budget reductions and service cuts made between 2002 and 2004 (\$16.3 million or 21% of the general fund), the city realized additional tools were needed to inform future funding decisions. In response, the city developed and implemented a business plan. As part of the business plan, all city programs and services were evaluated to determine whether they were essential, desired or discretionary. City master plans and strategic plans also focus on this categorization of services and further develop funding scenarios for fiscally constrained, action, and vision plan funding. Although fiscally constrained plans include funding for essential, desired and discretionary programs and services, these plans focus on reallocating funding from desired and discretionary services to essential services. The business plan and master/strategic plans continue to serve as the tools to determine how limited resources, or reduced resources can be used to best meet the city's responsibility to make sure that basic and essential services are maintained at a reasonable service level.

As part of the work of the second phase of the BRC, all departments are looking at "atypical" services they provide (i.e., things that local governments are not usually in the business of providing) and are identifying services that can be provided by other regional agencies/partners, private sector, and non-profits or other entities. The second phase of BRC is expected to provide an update on its work during the June 9 study session.

- *Combinations of reductions in expenditures and increases in revenues*

During the initial phase of the BRC, the Commission provided insight into several possible revenue options intended to help offset the identified structural deficit. These revenue options, developed outside the context of the current economic downturn were identified to address the deficit gap. The initial implementation of two of these options, approved by voters in November 2008, included the (a) renewal of the .38 sales and use tax for an indefinite period and without earmarks; and (b) the de-Brucing of the last property tax. These revenues and de-Brucing will help with the impact of the current economic downturn but not the structural deficit gap. Additional options identified by the Commission will be presented for council consideration on May 12.

The second phase of the BRC, which commenced its work in September 2008, is concentrating on city expenditures. While it is anticipated the Commission will provide an update to council on June 9, the final report will be completed by the fourth quarter of 2009.

Upon completion, the work of both phases of the BRC (expenditure reductions and revenue enhancements) may be utilized to address the structural deficit. As the initial BRC stated, the

structural deficit involves a multi-year and ongoing solution process. As a result, the BRC report can and should be used as a basis for the long term comprehensive financial plan of the city in a manner similar to the Boulder Valley Comprehensive Plan utilized in land use planning. If identified as the city's long term comprehensive financial plan, it should be monitored annually with a major update completed every three to five years.

Currently, staff uses the BRC report as a guideline in assisting the city's long term fiscal sustainability. The budget stabilization principles (Attachment C) and stabilization strategies have been influenced by the BRC recommended budget policies such as trade-offs, diversification and transfers. In addition, other recommended policies are being researched for future consideration including general fund subsidy levels, pooling of fund balance requirements, and reduction of the number of restricted funds. A complete summary of budget policies proposed by the initial phase of the BRC currently under consideration can be found in Attachment D.


Expenditure Stabilization Strategies – Table I (see Attachment A for full size illustration)

The left column represents strategies already implemented to reduce costs in late 2008 and 2009 which are typically more of short term in nature. Such short term strategies are ineffective in addressing long term structural issues the city is experiencing as most involve one time expenditure reductions and are not sustainable. The middle column represents strategies proposed for 2010, while the column to the right represents strategies proposed for 2010 and beyond. The arrows between the middle and far right columns indicate that these strategies can be interchanged or ‘swapped’ (for example, the elimination of a facility – although a very difficult choice, may allow for continued facility maintenance and capital improvements thereby avoiding future problems). Typically, strategies moving from left to right involve decisions that become more and more difficult and challenging to implement as these often represent highly desired services by the community.

Table I - Expenditure Stabilization Strategies		
	Continue implementation of efficiencies	↔ Further delay/ eliminate CIP and facilities maintenance
	Delay	↔ Further reduce/eliminate programs/ services such as library/ arts, recreation, senior/ youth
	•Capital Improvements (CIP)	
	•Further delays of facility maintenance	
	Reduce/ eliminate subsidies for programming such as seniors, youth, library/ arts, recreation	↔ Close facilities such as library branch(es), recreation center(s), community police center(s), fire station(s)
Implement Efficiencies such as IT efficiency study recommendations and other audit/ assessment recommendations	Restructure programming/ facilities thru approaches such as outsourcing, privatization, partnerships, advertising/ corporate partnerships	↔ Employee Related
Dept. Restructure/ Reallocation		•Compensation/ benefit changes
•Staffing, functions and services		•Major employee layoffs
Hiring Freeze	Reduce/ Eliminate General Fund subsidies to Open Space, Affordable Housing, CAGID	↔ •Early retirement incentives or phased retirements
Non-essential Training/ Travel Freeze	Reduce hours/ days of operation at facilities such as library, recreation centers, government offices, community police centers	↔
Maintenance adjustments		
•Delay facility maintenance		↔
•Reduce custodial maintenance	Employee Related	
Reduce General Fund subsidy to Open Space	•Compensation/ benefit changes such as eliminating/ reducing general salary increase and consolidating health plans	↔
* Transportation and OSMP Reductions	•Selected layoffs	
Short Term Low Severity (Sales Tax Decline)	DURATION & SEVERITY * Indicates restricted funds for which more specific details are in the April 7 council agenda materials	Long Term High Severity (Structural Deficit)

Table II – Revenue Stabilization Strategies (see Attachment B for full size illustration)

The left column represents revenue stabilization strategies that have been implemented in late 2008 and 2009 or are under consideration for 2009. The middle column represents strategies for consideration in 2010, while the column to the right represents strategies for consideration in 2010 and beyond. An asterick indicates items that require voter approval. Similar to the expenditure chart, the arrow between the middle and far right column indicate strategies that can be interchanged or ‘swapped’. Typically, strategies moving from left to right become more difficult and challenging to implement.

<div> <div>Table II - Revenue Stabilization Strategies</div> <div>  </div> </div>		
		Consider sale of assets/ property such as golf course, Harbeck House, land and facilities, BMOCA, Dairy Center and recreation center(s)
	* Further increase Excise Taxes Implement Impact Fees	Implement new fees and further increase existing fees
No proof of insurance ordinance – shift revenue to Municipal Court	Special financing for transportation/ libraries/ parks and recreation, etc.	*Further increase taxes
Excess parking meter revenue transfer to General Fund	* Consider special districts for library, parks and recreation, etc.	Further use of reserves (one time)
* Renew .15 sales tax expiring 2012	Further use of reserves	Continue to implement BRC recommendations
Minimal use of budget reserves (one time)	Maximize cost recovery of subsidized fee programs	
Raise selected fees ▪ Potential licensing or fees	Maximize revenue collection procedures	
Refinance debt	Continue to implement BRC recommendations	
Review enhancements to revenue generating services		
Continue to implement BRC recommendations		
<div> <div> <div>Short Term</div> <div>Low Severity</div> <div>(Sales Tax Decline)</div> </div> <div> <div>DURATION & SEVERITY</div> <div>* Indicates voter approval required</div> </div> <div> <div>Long Term</div> <div>High Severity</div> <div>(Structural Deficit)</div> </div> </div>		

During the presentation of this matter, staff will provide further detail and explanation of the respective strategies.

Colorado Municipal Impacts

Several national organizations including the International City Manager’s Association (ICMA) are providing extensive information on the impact of the economic downturn on municipalities and have recommended and reported on strategies local governments can and have taken to address the problems. In addition, news reports continue to document the reductions occurring across the United States. Recent information regarding actions taken by Colorado cities include:

- The city of **Denver** has closed a \$56 million gap in 2009 through a combination of operating budget savings, use of one-time fund reserves, a limit on employee merit increases, temporary suspension of the employee bonus plan and personnel savings negotiated with collective bargaining units within public safety departments (i.e., Police, Fire, Sheriff).
- The city of **Colorado Springs** has developed a range of budget reduction scenarios for consideration that would decrease budgets by 1% to 5% in public safety, and 17% to 26% in non- public safety programs.
- The city of **Aurora** has implemented (a) the closing of swimming pools; (b) closing or reduction in the number of days branch libraries are open; and (c) the reduction of many other services.
- The city of **Longmont** has identified various general fund budget reduction scenarios ranging from \$2.1 million to \$2.8 million. The strategies identified include (a) freezing non-critical vacant positions for an indefinite period, deferral of one-time expenses where possible; and (b) freezing discretionary budgets for supplies, services and out-of-state travel. In the event further reductions are required, Longmont has identified for consideration the following: transfers from other funds; mandatory furlough days; across-the-board pay cuts (1%); and program/service cuts.

Process:

Based on the level of reductions necessitated by the combination of the economic downturn and the deficit gap, changes in the delivery and level of services and programs will be required. As with any changes in the delivery and level of services offered, those who utilize and receive city services will be impacted. In an effort to provide information about the city's short and long term budget situation and determine community priorities for services provided by the city, a public process has been developed with the assistance of the city's consultant utilized in the 2008 community outreach process. The input received through the public process will be utilized to help the City Manager formulate her recommended 2010 budget and to provide additional information during the 2010 budget adoption process. The budget outreach public process and budget adoption process, described below, are also outlined in Attachment E.

Budget Outreach Public Process

Employee Groups:

Currently, three (3) employee group sessions are proposed during the month of May for the purposes of briefing employees on the budget situation and process used to understand community preferences for services important to the Boulder community; and providing employees an opportunity to offer their perspectives and ideas for increasing efficiencies and reducing costs.

Public Workshops:

On two separate occasions, a public workshop will be held for the purposes of providing information about the city's short and long term budget situation; and to determine community priorities for services provided by the city. The workshops, listed below, will be advertised and open to the public.

Date	Time	Location
Monday, May 11	6:30PM	Fairview High School
Thursday, May 21	6:30PM	West Senior Center

On-Line Survey:

In order to provide information about the city's short and long term situation and solicit (i) preferences regarding trade-offs of potential service reductions; and (ii) responses regarding options to generate additional revenue for services, an on-line survey will be made available to the public between the period of May 26 and June 5. Based on input from the Council budget committee, the survey will also be made available to each Board and/ or Commission for completion. Due to time and financial constraints, a mail survey is not feasible. The intent of the survey is to be used as one of a series of tools to help inform. It is non-scientific and the information will be used to inform, not as a quantitative assessment.

Focus Group:

In an effort to provide information from all prior process steps to a cross section of community interests and to clarify and probe in depth likely community attitudes for preferences for service reductions and revenue generation, a focus group will be held during the week of June 16. Information regarding participation in the focus groups is being developed and will be distributed and advertised upon completion.

Conclusion/ Recommendations:

Upon completion of the above referenced steps, the information will be compiled and presented to council in July. The information will be used to help the City Manager formulate her recommended 2010 budget and inform during the 2010 budget adoption process.

Budget adoption:

In addition to the above referenced public process components, the 2010 budget will follow the adoption process as described below:

Projected Timeframe	Step
April and May	Public process implemented to gain input on the city of Boulder budget priorities
June and July	Departments submit budget requests to City Manager's Office with information gained from public input
Mid August	City Manager's recommended budget submitted to Council
August 25	Study session on the recommended 2010 budget
September 8	Second study session on the recommended 2010 budget
October 6	Tentative first reading and public hearing on the recommended 2010 budget
October 20	Tentative second reading and public hearing on the recommended 2010 budget

NEXT STEPS:

As outlined above, the long term focus will remain on developing a 2010 City Manager Recommended Budget influenced by the budget outreach public process. The information received through the public process will be presented to the council, along with more specific budget reduction recommendations, in July 2009.

Approved By:


Jane S. Brautigam,
City Manager

ATTACHMENTS:

Attachment A	Expenditure Stabilization Strategies
Attachment B	Revenue Stabilization Strategies
Attachment C	Budget Stabilization Principles
Attachment D	Budget Policies from the Blue Ribbon Commission I Report Currently Being Analyzed for 2010 Budget Consideration
Attachment E	Budget Stabilization Strategies Public Process Timeline

Attachment A - Expenditure Stabilization Strategies

Implement Efficiencies such as IT efficiency study recommendations and other audit/ assessment recommendations		Continue implementation of efficiencies	↕	Further delay/ eliminate CIP and facilities maintenance
Dept. Restructure/ Reallocation		Delay	↕	Further reduce/eliminate programs/ services such as library/ arts, recreation, senior/ youth
•Staffing, functions and services		•Capital Improvements (CIP)	↕	Close facilities such as library branch(es), recreation center(s), community police center(s), fire station(s)
Hiring Freeze		•Further delays of facility maintenance	↕	Employee Related
Non-essential training/ travel freeze		Reduce/ eliminate subsidies for programming such as seniors, youth, library/ arts, recreation	↕	•Compensation/ benefit changes
Maintenance adjustments		Restructure programming/ facilities thru approaches such as outsourcing, privatization, partnerships, advertising/ corporate partnerships	↕	•Major employee layoffs
•Delay facility maintenance		Reduce/ Eliminate General Fund subsidies to Open Space, Affordable Housing, CAGID	↕	•Early retirement incentives or phased retirements
•Reduce custodial maintenance		Reduce hours/ days of operation at facilities such as library, recreation centers, government offices, community police centers	↕	
Reduce General Fund subsidy to Open Space		Employee Related	↕	
*Transportation and OSMP Reductions		•Compensation/ benefit changes such as eliminating/ reducing general salary increase and consolidating health plans	↕	
		•Selected layoffs	↕	

Short Term

Low Severity

(Sales Tax Decline)

DURATION & SEVERITY

* Indicates restricted funds for which more specific details are in the April 7 Council agenda materials

Long Term

High Severity

(Structural Deficit)

Attachment B - Revenue Stabilization Strategies

Consider sale of assets/ property such as golf course, Harbeck House, land and facilities, BMOCA, Dairy Center and recreation center(s)



Implement new fees

Further increase taxes/ fees

Further use of reserves (one time)

Continue to implement BRC recommendations

Further increase Excise Taxes/ Impact Fees

Special financing for transportation/ libraries/ parks and recreation, etc.

Consider special districts for library, parks and recreation, etc.

Further use of reserves

Maximize cost recovery of subsidized fee programs

Maximize revenue collection procedures

Continue to implement BRC recommendations

No proof of insurance ordinance - shift revenue to Municipal Court

Excess parking meter revenue transfer to General Fund

Renew .15 sales tax expiring 2012

Minimal use of budget reserves (one time)

Raise selected fees including potential licensing and new fees

Refinance debt

Review enhancements to revenue generating services

Continue to implement BRC recommendations

Short Term

Low Severity

(Sales Tax Decline)

Long Term

High Severity

(Structural Deficit)

DURATION & SEVERITY

* Indicates voter approval required

ATTACHMENT C

City of Boulder *Budget Stabilization Principles*

The principles outlined below are intended to be applied to affect the on-going management efforts and changes needed to stabilize the city of Boulder's budget. While current economic conditions require an immediate response, the work completed by the Blue Ribbon Commission Phase I on revenue and expenditure projections through 2030 reflect diverging trend lines and an ever expanding financial gap. Boulder's financial challenges require work in the short and long term in order to achieve the structural changes needed to stabilize Boulder's budget.

- 1) Balance funding needs to achieve long-range city goals while sustaining essential city services
- 2) Maintain essential services at reasonable service delivery levels before expanding and/or enhancing services.
- 3) Ensure compliance with legal mandates
- 4) Achieve strategic and sustainable reductions
- 5) For 2009, focus primarily on one-time temporary reductions to "bridge" the period until permanent and sustainable reductions can be implemented later in 2009 or through the 2010 budget.
- 6) Reduction schedule provides time to monitor and evaluate revenues, reflects expenditure reduction "tiers" or phases and supports notice to impacted employees.
- 7) Continue to pursue organizational efficiency and technology improvements,
- 8) Continue to invest in key capital projects to leverage funding, maintain safety of infrastructure/facilities and decrease ongoing costs.
- 9) Revise organizational policies to maximize cost efficiency and pursue the examination of additional policies and practices:
- 10) Further implement recommendations of the Blue Ribbon Commission

ATTACHMENT D
Budget Policies from the January 2008 Blue Ribbon Commission (BRC) Report
Currently Being Analyzed for 2010 Budget Consideration

1. **Need to think of city as a single company – not multiple financial holdings**
 - The BRC noted the highly segregated nature of the city's finances. The General Fund is seen as the parent holding company where the city manager governs while special revenue funds are similar to subsidiaries with considerable autonomy.
 - There is great disparity among the financial health of different departments as a result.
 - While earmarking limits the flexibility of funds, the General Fund is often looked to for shortfalls or erosion losses for programs that have earmarked revenues creating a compounding effect. For example, a program with an earmarked revenue source finds that energy costs have outpaced revenue gain or the community desires a program enhancement. It is presumed that rather than reallocating within the earmarked fund, the General Fund is responsible for the shortfall.
 - The BRC recommends greater emphasis in budgeting that looks at the health and program delivery of the entire city rather than the individual funds.
2. **Reduce number of restricted funds to provide greater budgeting flexibility**
 - For reasons noted in policy 1.
3. **No General Fund subsidies to restricted funds for desirable or discretionary programs when General Fund essentials not funded**
 - In order to bring greater balance to the financial health of different funds, the General Fund should reduce or eliminate transfers to funds which are operating desirable or discretionary programs and services until such time as essential programs and services are funded.
 - Such a policy could have a dramatic effect on quality of life departments such as parks, recreation, Open Space, and libraries, and therefore must be executed with some consideration for preserving an acceptable level of programs and services.
4. **No General Fund subsidies to restricted funds whose reserves exceed established benchmarks**
 - For reasons noted in policy 1. However, restricted fund reserves may be appropriately built up over their benchmarks when allocated for approved capital purchases.
5. **Expose hidden subsidies either by fully charging taxes or fees and then making use of a rebate tool, or by making such subsidies specific budgetary line-items in order to completely capture the value of those discounts or waivers.**
 - In an effort to achieve the revenue principle of equity, taxes and fees often have a sliding scale. In some occasions, fees are completely waived. For instance, if an admission fee to a city program is completely waived, the cost of the program is subsidized by the other users or tax payers in general.

- Because the fee is never collected, it can be unclear how much of a subsidy or community benefit is being provided.
6. **Consider consolidation of reserves across the corporation (minus enterprise Funds).**
7. **Consider increasing the ability of using reserve funds for short-term loans.**
- Due to the segregated nature of the city's finance structure, there are reserves associated with each fund. Consequently, when the reserves of the entire municipal corporation are viewed in a consolidated fashion, the corporation looks quite healthy. That is, there is quite a bit of cash-on-hand.
 - Such a financial situation poses a challenge when asking for increased taxes or fees from the voters.
 - The ability to implement this recommendation will be difficult due to the restrictions governing the earmarked revenues.

2009 -2010 Budget Stabilization Strategies Public Process Timeline

Attachment E

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	APRIL	MAY	JUNE
PUBLIC INPUT	<div>April 7: City Council Meeting – Update on Budget Stabilization Strategies</div> <div>April 21: City Council Meeting – Update on Budget Stabilization Strategies</div> <div>April 21: Web and IntraWeb sites available</div>	<div>May 11: Public Workshop/ Roundtable</div> <div>May 12: City Council Study Session – 2010 Budget</div> <div>May 21: Public Workshop/ Roundtable</div> <div>May 26 – June 5: Electronic survey</div> <div>June 9: City Council Study Session – 2010 Budget</div> <div>Week of June 15: Public Focus Group</div>	
CITY COUNCIL INPUT	<div>April 2: email 2009 Budget Update</div> <div>April 14: City Council Budget Subcommittee meeting</div>	<div>City Council Budget Subcommittee meeting</div> <div>May 15: email 2009-2010 Budget Update</div> <div>City Council Budget Subcommittee meeting</div>	
EMPLOYEE INPUT		<div>City Employee Meetings Convened</div>	

	JULY	AUGUST	SEPTEMBER	OCTOBER
PUBLIC INPUT	<div>July 14: City Council Study Session – 2010 Budget</div> <div>July 21: City Council Meeting – Potential Update on Budget Stabilization Strategies</div> <div>July 28: City Council Study Session – 2010-2015 Capital Improvement Program</div>	<div>Mid-August: City Manager submits recommended budget to City Council</div> <div>Aug. 25: City Council Study Session – 2010 Budget</div>	<div>Sept. 8: City Council Study Session – 2010 Budget</div>	<div>Oct. 6: (Tentative) City Council Meeting – 1st Reading and Public Hearing: 2010 Budget</div> <div>Oct. 20: (Tentative) City Council Meeting – 2nd Reading and Public Hearing: 2010 Budget</div>
CITY COUNCIL INPUT	<div>City Council Budget Subcommittee meeting</div> <div>July 17: email 2009-2010 Budget Update</div>	<div>City Council Budget Subcommittee meeting</div> <div>Aug. 14: email 2009-2010 Budget Update</div>	<div>City Council Budget Subcommittee meeting</div>	<div>City Council Budget Subcommittee meeting</div> <div>Oct. 21: email 2009-2010 Budget Update</div>
EMPLOYEE INPUT				

Timeline Jan. to March 2009:

January

- Jan. 20 – e-mail 2009 Budget Update

February

- Feb. 12 – e-mail 2009 Budget Update
- Feb. 17 – City Council Meeting – Update on Budget Stabilization Strategies

March

- March 12 - “Chat with Jane” – employee meeting
- March 13 - “Chat with Jane” – employee meeting
- March 23 - “Chat with Jane” – employee meeting

